GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:325
ANSWERED ON:20.10.2008
DECLINE IN EXPORT OF TEXTILES
Lagadapati Shri Rajagopal

Will the Minister of TEXTILES be pleased to state:

(a) whether the textiles exports were below the target fixed for 2007-08;

(b) if so, the details thereof and the reasons therefor:

(c) whether the share of textiles in total exports of the country declined drastically during the said period;and

(d) if so, the details thereof, alongwith the corrective measures taken by the Government to promote textiles exports from the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES(SHRI E.V.K.S. ELANGOVAN)

(a) & (b): The target fixed for the textiles exports for the year 2007-08 was US $ 25.06 billion,against which exports performance was of the order of US $ 22 billion, as per provisional figures.Although the export achievements fell short of the target fixed for 2007-08, there was still an increase of US $ 2.3 billion over the exports performance of 2006-07.The reasons for the shortfall in export can be partially attributed to the appreciation of the Indian rupee during 2007-08 by over 13%,leading to loss of price competitiveness in the international market.This was further compounded by the fact that there was a general slow down in the off-take of textiles and clothing (T&C) products in some of the major markets abroad.

(c) & (d): The share of textiles in the total exports of the country marginally declined to 13.5% in 2007-08 from 15.16% in 2006-07.To promote exports of textiles from the country and to strengthen the textiles sector of the country, Government has taken a number of measures from time to time as follows:-

(i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing the contamination through upgradation of cotton market yards and modernisation of Ginning & P ressing factories.

(ii) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector.The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry.The cost of machinery has been further brought down by reducing the customs duty on imports.

(iii) To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards,a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in August 2005.

(iv) In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%.These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

(v) To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget,the customs duty on textile machinery has been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%.The concessional duty of 5% continues to be at 5% on most of the machinery items.

(vi) Government has launched the Debt Restructuring Scheme w.e.f. Sept.,2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.

(vii) Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

(viii) Government has de-reserved the readymade garments,hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

(ix) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry.This has resulted in an increased demand for

trained professionals in various sectors servicing the industry.

(x) Government has extended a number of relief measures to textiles exporters such as enhanced DEPB & Duty drawback rates, reduced ECGC premium, subvention on credit rates, refund of service tax paid by exporters on various services etc.;

(xi) Apparel Training Design Centres (ATDCs) have been set up throughout the country to cope up the requirement of skilled/semi-skilled manpower for the textile industry.

(xii) To take a serious look at Fashion Education in the changing business context of the opening up of World Economies, Government is taking steps for:-

Establishing an institution of National Excellence for imparting Fashion Business Education with International Benchmarking.

appointing a nodal agency for standardizing and benchmarking Fashion Business Education in the country.

Setting up an Apex Body to train the teachers/trainers imparting Fashion Business Education in the country.